

Message Text

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SUBJ: BACKGROUND INFORMATION ON FOREIGN ENERGY PROGRAMS

REF: 75 STATE 301432

1. THIS MESSAGE RESPONDS TO REFTEL REQUEST FOR INFORMATION ON
INDONESIAN ENERGY R&D PROGRAM. ANSWERS ARE KEYED TO REFTEL
FORMAT.

A. COUNTRY BACKGROUND

I. IN INDONESIA, MINISTRY OF STATE FOR RESEARCH HAS VAGUELY-
ACQUIRED SUPERVISION AUTHORIZATION FOR SCIENTIFIC R&D ACTIVITIES
IN ALL FIELDS, INCLUDING ENERGY. IN ADDITION, FOLLOWING
MINISTRIES/ORGANIZATIONS PLAY ROLE IN ENERGY R&D: MINISTRY OF
MINES, MINISTRY OF PUBLIC WORKS AND ELECTRIC POWER, NATIONAL
ECONOMIC DEVELOPMENT PLANNING BOARD (BAPPENAS), NATIONAL ATOMIC
ENERGY AGENCY (BATAN), PERTAMINA (STATE OIL COMPANY). ON JUNE 25,
1975, SPECIAL DECREE ISSUED BY PRESIDENT SUHARTO CREATED 13-
MEMBER "NATIONAL COMMITTEE FOR INVENTORYING/EVALUATING NATIONAL
RESOURCES." COMMITTEE IS MADE UP OF REPRESENTATIVES FROM EIGHT
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MINISTRIES AND FIVE INSTITUTIONS. CHIEF TASK OF COMMITTEE IS

TO PREPARE TERMS OF REFERENCE/POLICY GUIDANCE FOR NATIONAL NATURAL RESOURCES STRATEGY. IT IS CHAIRED BY STATE MINISTER FOR RESEARCH SUMITRO.

II. FOLLOWING AGENCIES/ORGANIZATIONS HAVE SPECIFIC R&D FUNCTIONS (AS BROKEN DOWN BY ENERGY SOURCE): OIL AND GAS -- DIRECTORATE OF OIL AND GAS (MIGAS), MINISTRY OF MINES; INDONESIA PETROLEUM INSTITUTE (LEMIGAS), MINISTRY OF MINES; DIRECTORATE FOR EXPLORATION AND PRODUCTION, PERTAMINA. COAL -- P.N. BATUBARA (STATE COAL COMPANY), AND DIRECTORATE OF PLANNING, MINISTRY OF MINES. HYDROELECTRIC -- POWER RESEARCH INSTITUTE (LMK) AT STATE ELECTRIC COMPANY (PLN). NUCLEAR -- NATIONAL ATOMIC ENERGY AGENCY (BATAN). GEOTHERMAL -- PERTAMINA GEOTHERMAL DIVISION, INDONESIA GEOLOGICAL SURVEY (GSI). INSTITUTE OF GEOLOGY AND MINING (ITB) AT BANDUNG IS ALSO INVOLVED IN GENERAL FIELD OF NATURAL RESOURCES/ENERGY RESEARCH.

B. ENERGY POLICY

I. GOI CONSIDERS OIL AND GAS RESERVES, CURRENTLY INDONESIA'S MOST IMPORTANT RESOURCES, TO BE STRATEGIC ASSET FOR USE IN ACCELERATING NATIONAL DEVELOPMENT. KEY ELEMENTS OF INDONESIA'S LONG TERM ENERGY POLICY INCLUDE: DEVELOPMENT OF ALTERNATE I.E. NON-OIL AND GAS, SOURCES:(COAL, NUCLEAR, GEOTHERMAL AND HYDRO-POWER), PRINCIPALLY FOR DOMESTIC USE SO AS TO MAXIMIZE RETURNS FROM OIL AND GAS EXPORTS, ESTABLISHMENT OF APPROPRIATE BODY WITH AUTHORITY AND RESPONSIBILITY TO FORMULATE AND IMPLEMENT ENERGY POLICIES, INSTALLATION AND OPERATION NUCLEAR POWER PLANT BY 1985. ON MARCH 18, 1975 CABINET-LEVEL ECONOMIC STABILIZATION COUNCIL MET, DECIDED, AND ANNOUNCED GOI WOULD BEGIN INTENSIVE RESEARCH AND DEVELOPMENT PROGRAMS ON ENERGY SOURCES SUCH AS COAL, GEOTHERMAL, HYDRO, AND NUCLEAR. (N.B. FOR FULLER DISCUSSION GOI'S ENERGY RESOURCES POLICY, WE CALL END-USERS' ATTENTION TO EMBASSY AIRGRAM A-61 OF 4/23/75.)

A. INDONESIA IS VIRTUALLY SELF-SUFFICIENT IN ENERGY. SMALL AMOUNT OF CRUDE AND PRODUCTS ARE IMPORTED, PRIMARILY AS REFINING FEEDSTOCK. IN MODERN SECTOR, OIL AND GAS RESOURCES ACCOUNT FOR OVER 90 PERCENT OF CONSUMPTION. IN TRADITIONAL SECTOR, WOOD REMAINS MAJOR SOURCE OF FUEL, ACCOUNTING FOR ABOUT TWO-
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THIRDS TOTAL ENERGY CONSUMPTION.

B. ACCORDING TO OFFICIALS AT MINISTRY OF RESEARCH, ENERGY R&D PRIORITIES WILL BE IN COAL, NUCLEAR, AND GEOTHERMAL ENERGIES AS PART OF GOI EFFORT DIVERSIFY SOURCES.

C. STATE AGENCIES/INSTITUTIONS LISTED ABOVE IN ITEM II OF COUNTRY BACKGROUND HAVE ENGAGED IN VARIOUS ASPECTS OF ENERGY

R&D WORK.

D&E. IN PRIVATE SECTOR, THERE ARE VARIETY OF PRIVATE, PRIMARILY U.S., OIL SERVICE FIRMS ENGAGED IN R&D WORK AS PART OF OIL AND GAS EXPLORATION ACTIVITIES. IN ADDITION, CALTEX, COUNTRY'S LARGEST OIL PRODUCER, HAS DONE RESEARCH ON VARIOUS METHODS OF SECONDARY RECOVERY FOR ITS MAJOR FIELDS. SHELL HAS ALSO DONE R&D WORK IN FIELD OF COAL MINING AND EXPLORATION. DATA FROM THESE ACTIVITIES PROVIDED MINISTRY OF MINES AND PERTAMINA AS PART OF CONTRACT OF WORK AND PRODUCTION SHARING AGREEMENTS.

F. BASIC LEGISLATION GOVERNING R&D PROGRAMS IN ANTURAL RESOURCES AND NATIONAL ENERGY STRATEGY IS CURRENTLY BEING DRAFTED BY "NATIONAL COMMITTEE FOR INVENTORYING/EVALUATING NATIONAL SESOURCES." AT PRESENT, LEGISLATION IN FIELD OF HYDROCARBON ENERGY CONSISTS OF LAW NO. 44/1960 (OIL AND GAS LAW), REVISED MINING LAW NO. 11/1967, LAW NO. 8/1971 (PERTAMINA LAW).

II. ENERGY R&D ACTIVITIES

A. OUTLOOK

INDONESIAN EXPERTS HAVE FORECASTED THAT PER-CAPITA CONSUMPTION OF COMMERCIALY PRODUCED ENERGY WILL INCREASE BY ABOUT 600 PERCENT BY YEAR 2000 (FROM ABOUT 0.6 BARREL/CAPITA/YEAR CURRENTLY TO 4 BARRELS/CAPITA/YEAR IN 2000). THIS MEANS INDONESIA WOULD HAVE TO PRODUCE AT LEAST 2.4 MILLION B/D OF OIL IN 2000 SOLELY TO MEET DOMESTIC REQUIREMENT UNLESS GOI EMBARKS ON ENERGY DIVERSIFICATION PROGRAM. HENCE, IT CAN BE EXPECTED THAT LEVEL OF R&D ACTIVITIES IN ENERGY WILL SHOW SIGNIFICANT INCREASE DURING COMING YEARS.

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B. DRAFT STATE BUDGET FOR GOI FISCAL YEAR 1976/77 (APRIL 1 - MARCH 31) EARMARKS 27 BILLION RUPIAH (\$65 MILLION) FOR TOTAL RESEARCH ACTIVITIES. OFFICIALS IN MINISTRY OF RESEARCH ROUGHLY ESTIMATES THAT ABOUT 17 BILLION RUPIAHS (\$41 MILLION) COULD BE USED FOR R&D ACTIVITIES IN FIELDS OF NATURAL RESOURCES/ENERGY DEVELOPMENT. UNFORTUNATELY, MORE PRECISE BREAKDOWN BY ORGANIZATION AND ENERGY FORM IS NOT AVAILABLE AT PRESENT TIME.

C. INTERNATIONAL ACTIVITIES

I. INDONESIA IS MEMBER OF IAEA AND HAS, AT VARIOUS TIMES, SERVED ON THE IAEA BOARD OF DIRECTORS. INDONESIA ALSO PARTICIPATES IN OPEC.

II. GOI HAS BILATERAL AGREEMENTS WITH FRANCE AND W.
GERMANY FOR PEACEFUL USES NUCLEAR ENERGY. INDONESIA HAS ALSO
RECEIVED TECHNICAL ASSISTANCE IN FIELD GEOTHERMAL ENERGY FROM
NEW ZEALAND UNDER AUSPICES COLOMBO PLAN. (SEE ERDA FACT BOOK
OF FEBRUARY 1975 FOR DISCUSSION OF U.S. ASSISTANCE TO GOI IN
NUCLEAR ENERGY FIELD.)
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